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Industrial Americanization

A Discussion of the Conditions
of the Labor Market Now
and After the War

By

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I WAS wondering as I came up on the train last night, if the government chose to deal with the labor situation, as it has with the coal situation, what would happen to the war? Is the labor situation any more stable than the coal situation?

Coal and labor and everything else we are or have belongs to America to win this war. We have but one job ahead. America has shown this by its support of the Liberty Loan, of the Red Cross, and its acceptance of taxation and laws that it is in earnest.

For nine months of war we have had no co-ordination of labor, no labor policy, no machinery worthy of the name. Today we have an administrator and a plan a week old, and the opportunity to work out for these United States something which will stand the strain now and after the war.

When I say a labor policy I mean something that is planned straight and fearlessly, and is thought through. Something that as we build it, will give us a foundation and a system that will hold together and pull together.

WAR MEASURES IN ENGLAND

Let us go for a moment to England, and see what she has built, and what an inspiring thing it is in its vision and power and justice and comprehension.

First of all she defined munitions work to cover the manufacture and repair of everything intended, adapted or suitable for use in war, including even housing of workmen. The result is that she has little difficulty today defining non-essential and essential industries.

A next important step was the suspension of trade customs: It is provided that any rule, practice or custom, which has not the sanction of law, which tends to restrict production or employment is suspended, whether it is a general trade practice, a custom or a local shop rule. If there is controversy it goes to arbitration. Even matters of contract are included. This means any man can work at any job, skilled or unskilled, that women can be employed and all shops are open shops.

At the same time unions were protected: It is also provided that any departure during the war from any practice prevailing prior to the war shall be only for the period of the war; that preference shall be given after the war to those employed prior to the war, that time and piece rates shall be maintained, that a record of departures from practices shall be kept.

A very important action was the establishment of controlled industries. The minister of munitions has power to declare any establishment or part thereof adapted for use in war or suitable for war uses a controlled industry. In every such establishment the government takes all excess profits which are the net profits as they exceed by one-fifth the standard profits, which is the average for the two years preceding the war. If this is not satisfactory a separate agreement may be reached.

At the same time wages were limited in such establishments and when an employee changes from one to another where the rate is lower he is given a bonus to cover the difference. Where he is away from home he is often allowed a sum for living and is given a reduced fare to go home holidays and week-ends. Workmen dismissed with less than a week's notice may receive compensation. Workmen idle for a period of more than two days when they have had no opportunity in the establishment to earn wages may receive compensation.

If workmen will agree to stay in such a controlled establishment for six months they are designated as munitions volunteers and get the standard rate of wages, and certain insignia of honor. They may be, however, penalized for violation.

Employers are prohibited from soliciting by advertising or from inducing workmen in other industries to leave their work. As the certificate of leaving has been abolished there is no need to discuss it here.

There are boards that handle the dilution of labor for each industry and the mixing of skilled and unskilled workers and of women is carefully done, the prevailing rates for the job being protected.

Strikes and lockouts have been made practically impossible. All such controversies go to the Trade Board. If it fails to deal with them, they go to the arbitration boards. The law not only deals with all concerted action involving a stoppage of work, but it reaches the instigator of a strike by penalizing any

person who attempts to impede, delay, or restrict production, repair or transport of war material or any other work necessary for the successful prosecution of the war. The award of the Arbitration Board is final.

Certain specified industries are protected in calling out men for the front.

A complete system of labor exchanges (nearly 400) is in operation. Each one has a board which deals with the problems as they arise and acting in an advisory capacity. There are no competing private agencies, and local boards are well informed of local needs and these exchanges control the field.

With the building of this structure, England has found time to make studies of fatigue, to protect women, to put government agents in plants to look after the conservation of manpower, to have billeting committees to find lodging for workers, to conduct industrial canteens and to do countless other things for workers.

Several things stand out in the adoption of this system.

First of all it is a system. As each new situation has arisen, it has been taken care of and fitted into a policy, a plan and its execution.

Second, it is seen that no regulation or order is issued until the machinery is created for handling it.

Third, while the Minister of Munitions has extraordinary power, it is carefully defined by specific acts. There are no blanket powers that cannot be foreseen in their operation, and they are reviewable by the courts. With Zeppelins flying over their heads and submarines at their doors, England today gives a most illuminating line of decisions by courts on its war regulations.

Fourth, the handling of the labor market is stabilized, standardized and systematized. It has plan, preparation, schedule, execution and inspection and is standing the strain. It is balanced and sure and has all of the people behind it because all of the people trust it.

England has wisely realized that all of this would have been useless had she not first established vital fundamental agreements between capital and labor, and upon this structure everything else is built.

England has achieved this at much cost and sacrifice. She found that the brains necessary to win the war were not on the job. She has changed leader after leader, ministry after ministry, man after man, and has enacted law after law, and has met the situation so splendidly that she stands before the world today industrially more efficient than Germany with all its organization and start.

Now knowing what can and has been done let us turn to America. What are the existing conditions? There are four main factors in the situation: To transfer men; to keep them; to develop the labor supply itself; and to conserve workmen.

THE LABOR MARKET IN AMERICA

On the first point—what is the state of the labor market that largely transfers men? The main supply is the native-born workmen. Today there is unrestricted competition by employers, and government departments find it necessary to compete with each other. No effective inquiry has been made to determine whether it is wiser to take men or to leave them. On the same day that it was announced that a labor administrator had assumed charge of the situation with an advisory committee to bring order out of chaos, the announcement appeared that the Shipping Board needed 250,000 men and might resort to the Four Minute Man method. Appeals for workers at the moving picture theatres regardless of effect on local communities might get many recruits, but the cost would be high and the market demoralized in spite of an administrator.

During the past nine months industry has had no less than eight direct military lines to feed with men: recruiting by foreign missions of their own countrymen; enlistments in the regular army; volunteers; national guard brought up to full strength; selective draft; naval militia; reserves and engineers corps. In addition to this the following auxiliary forces had to be supplied—home defense guards, carrying interruptions if not cessation of work; men to build and equip cantonments; increases in police and marshal's forces and in administration forces. The eviction of enemy aliens from war zones also disturbed the supply of labor. Every one of these demands was levied on industries separately according to the methods of the person in charge and the only place they were coordinated was

when they focussed on the individual workman, who often did not know which appeal to answer.

The results have been apparent throughout the country. Standards of wages and hours, of living and working conditions have been impaired. *Colliers'*, of January 12, stated that since America entered the war more than 3,000 strikes have been reported in the newspapers, 33 being in army cantonments and that 64 typical strikes showed a loss of 1,795,961 working days. It is not only a question of workmen. Property losses have increased, from fires alone \$42,000,000 since 1914, causing delays in production that cannot be even remotely estimated or replaced.

There is a second important element in the labor market situation. The alien enemy. His eviction from war zones, however necessary, should not have been permitted to impair his skill and opportunity to work. Had machinery been provided for transferring him from prohibited zones to industries and localities where he would not be a menace, enormous labor power could have been saved.

The necessity for substituting women for men workers has complicated the handling of the market with such questions as their direction into industries most needed, with special provisions for their adaptation and safeguards—especially for alien women coming from homes into organized industry about which they know nothing.

The other available sources of supply are the floating unemployed who have been made to work in but two states; the migration of the negroes from the south, about 40 per cent of whom have returned because we were not prepared in advance to fit them into our industrial and social system; and the retired and the handicapped whom we are just beginning to use in an effective way.

THE TRANSFER OF WORKMEN

I have detailed the situation to show briefly how complicated the supply question is before taking up the next point—our method of handling it.

We have a government system of employment exchanges—a combination of Federal, state and municipal agencies in about 100 different centers and a plan for their extension. We have

employment bureaus in each department and numerous special committees. There are in the field some 5,000 private employment agencies working for fees only and directing men and women accordingly. There are hundreds of philanthropic and special agencies and committees. Trades unions run their own bureaus. Employers' associations do the same, while employers still think they can rely on their own employees or men waiting at their gates or upon advertising to get workers.

When we face the question—is there a shortage of labor or only misadjustment, where is the answer? One official says one thing; another submits data in opposition. One group says women must be substituted; another doubts the necessity. So far as I know there is but one authoritative statement as yet.

The first report on a United States labor survey made of New York State published January 11 shows: That of 500 factories filling war orders, 176 were calling for more labor and that 34,155 workers or about 15 percent of those employed were asked for in specific terms. Skilled male labor is requested in nearly three-fourths of the factories and women labor is requested in about one-tenth. Trades making the calls are: aeroplanes, ordnance and munitions, iron and steel castings, scientific instruments and optical supplies, knit goods, electrical apparatus, needle trades, machinery, hardware. Other industries like garment trades, woodwork, paper boxes were laying off workers. Given this complicated supply and disorganized market, what is the way out?

On January 9th it was announced that Secretary Wilson would assume the direction of the labor situation, becoming virtually a labor administrator, and that he had appointed an advisory council and had provided for the following agencies:

1. A means of furnishing an adequate and stable supply of labor to war industries to include:
 - (a) A satisfactory system of labor exchanges.
 - (b) A satisfactory method and administration of training of workers.
 - (c) An agency for determining priorities of labor demand.
 - (d) Agencies for dilution of skilled labor as and when needed.
2. Machinery which will provide for the immediate and equitable adjustment of disputes in accordance with principles

to be agreed upon between labor and capital and without stoppage of work. Such machinery would deal with demands concerning wages, hours, shop conditions, etc.

3. Machinery for safeguarding conditions of labor in the production of war essentials. This to include industrial hygiene, safety, women and child labor, etc.
4. Machinery for safeguarding conditions of living, including housing, transportation, etc.
5. A fact-gathering body to assemble and present data, collected through various existing governmental agencies or by independent research, to furnish the information necessary for effective executive action.
6. Information and education division, which has the functions of developing sound public sentiment, securing an exchange of information between departments of labor administration, and promotion in industrial plants of local machinery helpful in carrying out the national labor program.

The Council appointed consisted of:

Representatives of Employers—Waddill Catchings, President of the Sloss-Sheffield Steel and Iron Company, Birmingham, Ala.; the Platt Iron Works, Dayton, O., and Chairman of the War Committee of the Chamber of Commerce of the United States, and A. A. Landon, General Manager of the American Radiator Company, Vice-President of the Aircraft Production Board, and President of the Buffalo, N. Y., Chamber of Commerce.

Representatives of Employees—John B. Lennon, of Illinois, Treasurer of the American Federation of Labor, and John J. Casey, of Pennsylvania, formerly a member of Congress.

Economist—Dr. L. C. Marshall, of the University of Chicago.

Representative of Women—Agnes Nestor, of Chicago, President of the Woman's Trade Union League, member of the Defense Council's Woman's Committee and formerly President of the Glove Workers' Union.

It is the duty of every employer to get behind this new organization and help make it a success because the labor situation is critical in its need for organization. We must emphasize the responsibility of the employer because of the dangers. This Council and Labor Administrator have no authority—its powers being derived from a rider on an appropriation bill and such as the President may give it from his general storehouse. Its regulations therefore need not proceed along any lines that can be foreseen as would be the case with defined powers. The personnel of the Council does not contain the names

of the men who stand at the top of the line in handling labor questions but are rather representatives of groups. No special provisions were made for handling alien workmen, though they constitute a special class. At present aliens are now handled by 17 different national departments and committees with 49 different sets of powers and regulations applicable to them.

These are conditions to be reckoned with and the success of this new organization in my judgment will depend upon three things: The establishment of fundamental agreements to last during the war by capital and labor upon such questions as hours, wages, strikes, limitations of profits, and suspension of labor practices; the establishment of an adequate system of employment exchanges, with a control of the field which means regulation of all other agencies; advance information to the Labor Administrator from all other departments of contracts to be let, so that men can be mobilized effectively and efficiently, and a Priority Board to determine fairly their designation.

In addition to this newly created work some real progress has been made by the Shipping Board in the handling of labor disturbances and some important investigations are under way. Good as these are in themselves unless they are headed toward a national policy with concentration of authority and execution they are but bright spots on the sun.

On the great and vital subjects which England has dealt with and welded into a national policy and administration, namely: a broad definition of munitions, an *exclusive organization* of the labor market with local committees, establishment of controlled establishments, basic agreements between capital and labor, including the suspension of trade rules and the protection of unions, limitation of profits and of wages and prevention of strikes, we have made practically no national progress.

THE EMPLOYER'S RESPONSIBILITY

The chief reason our government is not doing any better is because employers are not doing any better. For too long employers have regarded the general and local labor market as none of their affair. Their vision has been limited by their factory gate. Ask yourselves what is your responsibility—what

have you done to organize the local market, to retain the men you have, to develop latent resources, to conserve your working forces?

I know of but one group of employers that has really got together to organize its local market and develop resources. In New Haven they are trying an experiment having the following cardinal principles:

First, for the employers to get together themselves; second, to get the co-operation of all their employees to get out everyone they know into the productive labor field; third, to get employers through the employers' associations to release workmen to essential industries; fourth, to let the public know what they are doing; fifth, to keep outside competitors out of their local situation; and sixth, to start part-time work for women who do not have to work and who might work a half a day but not a whole day.

There is one field in which you cannot expect a great deal of help from the government and which is strictly your responsibility. It is to keep your workmen when you get them and keep them fit for work. A proper organization of the labor market will help greatly but in the final analysis it is the conditions in your factory and your relation to your employees, your standards and methods of handling workmen which will stabilize the situation and help win this war. The right length of working day, a fair wage rate, safety at work, good working and living conditions, a good employment system, decent housing, special care in protecting new women workers and adapting them to their new work, effective incentives, installation of measures to reduce labor turnover, co-operative management are but illustrations of the possibilities.

There has never been a time when employers were paying so much attention to these questions, when various kinds of experiments were being made, when individual factories were doing so much. It is unfortunately so largely without plan, system or standard *so far as a whole industry is concerned* and it is toward this goal we must bend our energies.

The task of organizing the labor market is therefore twofold. It is first to secure the necessary exchanges for the transfer of men, to make the situation as mobile as possible and to secure basic agreements between capital and labor and such

regulations as may be necessary to equalize conditions throughout the country. In this the government will take the lead and to its lead should be given your intelligent and courageous cooperation which means helping to formulate the plans as well as carry them out.

It is second, to perform your own task in your factory so that you can contribute to the establishment of a sound and enduring national policy. This means so good an understanding and operating plan in your own factory that you can meet future drafts, the priority claims for your men, new regulations, the establishment of exchanges, the curtailing of your prerogatives—all the while you get increasing orders, demanding new men and methods.

This may be a long war, and whether it is or not, your problems after the war will be greater rather than less. With 2,000,000 immigrants trying to get back to the other side, with industrial leaders going abroad to see what has happened, with thousands of men, some invalids, coming back; with the reconversion of plants and the shifting of workmen away from munition plants; with thousands of women trying to retain their industrial foothold and thousands of others leaving; with organized labor struggling to retain every advantage in wages and regulations, and with industrial leaders in cut-throat competition for peace trade and permanent markets the problem will not be simple.

MAN-POWER ENGINEERING

We have got to build up a body of men to handle this manpower problem intelligently—first in individual industries and second in such trade groups as are here represented.

Many of its phases must be dealt with, not from the point of view of labor or of capital, but according to a science of manpower.

This war will give the world a new science and a new engineering profession. It will be the science of man-power and it will be man-power engineering. It will not be efficiency or industrial engineering with their limitations; it will not be industrial management with its emphasis on technique: it will not be welfare work which is a capitalized spirit rather than an effective system.

These are but phases through which we are muddling our way. The non-standardized, non-systematized handling of workmen is going to give way to responsible science and method. We are going to learn that labor is not to be manipulated by capital or by labor because we are going to build into our industries sound methods and facilities for stabilizing, standardizing, systematizing, and Americanizing labor and have these administered by sound, trained men.

Because we are at war, and because war itself will give us this science, we have got to do the best we can on a rush job, every minute of which shows us the cost of our stupidity and ignorance and short-sightedness in handling manpower. This science is not going to be built at Washington. It is going to grow in your own plant, and from that into another plant and then into a whole industry. You will get in manpower operation as distinct principles and standards and systems as you now get in machine operations or market operations. From experiments will come formulæ; from experience will come processes; from practice will come methods; from chaos will come organization until we have built up a science of manpower.

Concretely, how are you going to do this? First of all find out how you are handling your man-power and who is doing it. Has your executive in charge of this any appreciation of the war crisis, or do you still trust the matter to miscellaneous foremen, superintendents, outside organizations, secretaries, welfare workers, efficiency experts or other agents dealing with some special angle of the subject?

Second, are you getting any standards and methods of operation or are you still trying out expedients to keep your men and grafting on to your plant from above outside temporary emergency measures to meet the situation?

What do you know about the temper of your men and existing causes of unrest and possible depletions and are you preparing to meet them?

Are you getting together to master your local labor market and to insist upon an effective centralized system?

How much is your so-called welfare work costing you and what are you really getting out of it? What kind of a balance sheet do you get from the man in charge?

When you have made this analysis, you will find out three things: That you want to do something more effective in your own plant; that you want to interest your neighbor; that you want to get your trade organization working for some uniform standards and methods and principles in handling men. When you get this far, you begin to know what kind of laws and regulations and official organization will secure a country-wide adoption necessary to success in your own factories.

A PRACTICAL PLAN FOR INDUSTRIES

In the future if we succeed in really handling manpower intelligently we will put into the organization of industries something like this.

First of all, you are going to consult a man-power engineer as well as other engineers when you locate your plant or build an addition. In the future the land value and tax rate and transportation facilities and power considerations will not be enough. Housing facilities, opportunities for educational, recreational and religious worship and the attractiveness of living conditions will play a part in the selection. Many employers in locating a plant do this now but it is by no means yet an *invariable* consideration. When you equip that plant, dressing rooms and lavatories and lunch rooms and proper ventilating, heating and lighting from the manpower standpoint will be primary specifications and will not be put in as an afterthought. *In other words the elimination of the physical causes of labor unrest and of labor turnover and physical conservation will be taken care of. They will be charged to the construction and equipment cost.*

Second, when you bid on a piece of work or make a contract or fix a price you are going to include manpower specifications. You are going to do this because prices in the future will not be high enough to include a lot of unknown qualities or guess work.

The Inter-departmental Conference, consisting of delegates from the War, Navy and Commerce and the Federal Trade Commission and Council of National Defense, has very carefully worked out a set of contract recommendation. In determining fair prices, seven items are given, not one dealing with labor. In defining costs there are fourteen

items, two of which deal with labor. One is indirect labor as repairing, handling, supervising—the other is welfare and covers wages paid while employees are ill in hospitals, pensions, restaurants, vacations, insurance, etc. And yet to win this war contracts will have to be let to the people that can mobilize labor power without disorganizing other industries and such factors as proximity to the labor market, low percentage of labor turnover, ability to house workmen and ability to avoid loss and damage and strikes will be increasingly important factors and should be included in price fixing and letting contracts. *In other words the elimination of causes of unrest and low production as affecting the granting and execution of contracts will have to be accomplished in plant building, equipment and management.*

Third, you are going to make an efficient, well managed employment department as much a part of your plant as your power house or sales department with sole and final power to deal with the hiring and firing of men. The executive is going to be a high-grade man-power engineer selected as carefully as your production manager, paid as much and held up to the same grade of responsibility. He is not going to be paid or managed by an outside organization to whom you contribute funds. In the future people not directly a part of the industrial organization chargeable to the cost of production will not be allowed to handle the most delicate of all the plant's problems—man-power.

Fourth, you will discover that a central employment department in your own plant will not be a success unless you insist that the local labor market be organized and you will begin to duplicate the New Haven experiment.

Fifth, you are going to see that the health of your men is just as important as keeping your machines in condition and that the kind of housing they have outside, and the kind of conditions they have inside are important production factors and there will be no hypocrisy of doing it for the welfare of the men.

Sixth, you are going to define what you know a plant should do as part of its cost of production for which you pay and what the town should do and for which you pay taxes and a lot of bad feeling will be done away with as soon as such things

as recreation are done by the city for all of its residents. Once we get this line clear, the *bogie* of paternalism will disappear.

Seventh, you are going to take a greater interest in training men and in providing incentives for their staying. An inquiry into the subject of incentives and a careful analysis of the experiments being tried will convince you that as a trade organization you have hardly made a beginning.

Eighth, you are going to Americanize your plant and see to it that it is an English-speaking concern manned by men who are citizens or who want to become citizens and that you provide the same facilities and treatment for foreign-born men as for native-born.

Ninth, there will be man-power laboratories where experiments can be made which will give the principles and methods of handling man-power, and you will interest the employees in them and get their co-operation, because they will not be run on the theory of trying to get the most out of men by mechanical means, but to conserve men while they get the most out of themselves by being happy.

The science of man-power engineering will therefore comprise the location and equipment of plants, the employment and working relations of men, the human specifications in costs and fixing prices, the organization of the labor market, the conservation of men, the definition of the operations as between plant and community, the training of men, experiments in man-power laboratories and the Americanization of plants.

This means you will stop throwing these things into your factories in a haphazard way, but that each change made will go through the process of planning, preparation, scheduling, execution and inspection and will eventually find its way into a system which you will not disturb with every shifting wind of labor unrest and retrenchment.

This is not a dream. Men are working on the question all over the country and they are coming together with their various pieces of the puzzle and are gradually putting it together.

The question is, Do you regard the matter as serious enough and fundamental enough to do your bit now?

At the risk of repetition, may I summarize the opportunities and task in this way:

It is for you to make places for alien enemy workmen in your shops, and to insist on a transfer system.

It is for you to stop soliciting workmen and to insist that other employers join you.

It is for you to establish central employment offices in your factories and establish industrial justice as between all workmen and cut down labor turnover.

It is for you to protect the women you employ and maintain standards.

It is for you to insist that the government regulate private agencies and centralize this work, for you are the public opinion and efficiency which constitute the government by your representatives in Washington.

It is for you to eliminate causes of unrest within your own factory doors. The government has little time today for the industrial leader who whines about the situation and confesses his inability to lead his factory division. It expects you to do with what you have, and to use the talents you have been given.

It is for you to turn foreigners into citizens, and sullen, neglected, badly treated aliens into loyal Americans. You have them the best part of their working hours when they are most receptive to American impulses and influences.

It is for you to provide standard measures of safety and health which will keep every person fit.

It is for you to dilute your labor force and share your skilled workmen to bring up the efficiency of other plants. It is not enough if you are 90% efficient, if your neighbor is but 50% efficient. You help the government if you find a way to make him 90% efficient. This is War Americanization. This is the man-power engineering that will win the war.

A Labor Administrator is essential in order that you may have a goal toward which to direct your efforts. He will be successful in the measure to which you co-operate and to the degree that patriotism takes precedence over profits. The task of organizing the labor market is the responsibility and the opportunity of the employers of this country and the textile men are exceptional in their qualifications to take the lead in this crisis.

INFORMATION SERVICE

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of the

NATIONAL AMERICANIZATION COMMITTEE

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